Governance, Labour and the Global Call Centre Value Chain

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Introduction

The last decade has seen the creation of new international divisions labour in business services, as offshoring from the developed to the so-called developing countries has expanded (Dossani and Kenney, 2007). As the scale, diversity and complexity of ITES (information-enabled technology services) subject to remote delivery has grown, so too has geographical reach. The use of the term *global service delivery* by industry bodies, such as India's National Association of Software and Service Companies (Nasscom) (Taylor, 2010a), reflects an evolving spatial change in service supply chains.

What have emerged are multi-locational, multi-site strategies from both supply and demand sides, which seek to capitalise on differing combinations of skills and resources accessible in diverse geographies. However, despite the expanded range of destinations (Kearney, 2011), global sourcing is spatially uneven. India remains the most important English-speaking geography for offshored (BPO) (Business Process Outsourcing) (Kuruvilla and Raganathan, 2008) by aggregate value and employment (876,000) (Nasscom, 2012). Second comes the Philippines, which now even surpasses India in call centre, but not back-office and IT, employment. Beyond these two dominant locations, though, the majority of countries offer only limited facilities.

The offshoring of call centres, the focus of this paper, presents conceptual challenges. For, if geographical *dispersion* is explicable by reference to corporate cost-cutting and profit-maximising agendas, to technological facilitation and to the differentiating characteristics of place (particularly labour), then how is *integration* achieved? What are the co-ordinating mechanisms articulateing the transnational call centre servicing chain?

This paper develops the critique (Taylor, 2010b) of the Global Call Centre Project (GCCP) (Holman et al, 2007). The methodological nationalism of the Varieties of Capitalism (VOC) approach which underpins the GCCP is eschewed in favour of explanation deriving from the Global Commodity Chain (GCC), the Global Value Chain (GVC) and the Global Production Network (GPN) frameworks (see Gibbon et al, 2008). In terms of the really-existing call centre 'chain' the principal co-ordinating mechanism is the Service Level Agreement (SLA). Ultimately, SLAs are the integrative counterpart to geographical dispersion and organisational disintermediation. However, the essential importance of the SLA lies in its attempt to prescribe the value of labour and performance quality that can be leveraged from workers in remote destinations. Labour as agency and sourse of value has been understated in GCC, GVC and even GPN (Rainnie, 2011), a neglect evidenced in the fact the labour control is a central objective of governance through the SLA in the global call centre value chain.

In this paper these theoretical concerns are entwined with findings from primary research conducted on Indian call centres for over a decade. The paper draws most heavily on data relating to the UK-to-India call centre chain from the period preceding, during and following the financial crisis of 2008. Accordingly, the governance of work has been profoundly

affected by the political-economic and corporate-strategic contexts, manifest in tightened operational governance and an intensification of effort on the part of Indian workers.

Indian Call Centre Literature

In the diverse literature on Indian call centres some have engaged with HRM practice (e.g. Budhwar et al, 2010; Kuruvilla and Raganathan, 2008), and employee relations and trade unionism (e.g. Noronha and D'Cruz, 2006; Taylor et al, 2009). Others have explored issues of work organisation (e.g. Batt et al, 2005; D'Cruz and Noronha, 2009; Russell and Thite, 2008) arising from this new international division of labour. Much attention is devoted to the cultural paradoxes implicated in transnational customer-agent interaction (e.g. Cohen and El-Sawad, 2007). Others have concentrated on political-economic analyses of offshoring and the Indian marketplace. (e.g. Dossani and Kenney, 2007). Yet, despite sketchy references to GCC, GVC, or GPN frames, authors have yet to utilise them to theorise the 'globalised' call centre.

This paper seeks to remedy this deficiency, responding to Rainnie et al's (2008) entreaty to apply the knowledge from GCC, GVC and GPN theorising to call centre research. It is argued that these frameworks deliver greater analytical purchase on transnational call centre chains and the international-facing Indian industry than the GCCP (Holman et al, 2007; 2009). However, it is argued that GCC, GVC and GPN either neglect or underplay labour as *the* defining aspect of the call centre chain. In this paper, labour is considered in two respects, abstractly, as in value creation (both in a Marxist sense or in terms of rent) *and* as agency, both as collective actor as in trade union organisation and more generally as agency within the production process (Cumbers et al, 2008). However, even GPN studies (Henderson et al, 2002), which do acknowledge labour's importance, treat it as merely one of many factors (Smith et al, 2002). For us, the insertion of labour animates GCC, GVC and GPN theorising.

Strengths and Weaknesses of the GCCP

The GCCP gathered extensive data on employment practices from 2,500 centres from identical surveys implemented in 17 countries. Informed by the VOC approach (Hall and Soskice, 2001), the GCCP (Holman et al, 2009) explains differences in work organisation, labour utilisation and Human Resource Management (HRM) practices essentially through distinctions between national political and economic institutions (Peck and Theodore, 2007). The GCCP adds a third category - recently industrialised or transitional economies - to Hall and Soskice's key differentiation between liberal market economies (LMEs) and co-ordinated market economies (CMEs). The merit of the GCCP's national-level comparisons lies in demonstrating that the call centre wherever located generates 'similarities' in markets, service offerings, organisational features and workforce characteristics, suggesting elements of national convergence. Equally significant is its appraisal of divergence, recognising that institutional differences between LMEs and CMEs significantly shape work organisation, and HRM practices (Holman et al, 2007:11-22).

Consistent with Peck and Theodore's (2007) critique of VOC's methodological nationalism, the GCCP is as comparative study, consisting of contrasts between nationally-aggregated datasets, rather than a global analysis. The GCCP is less capable of delivering analytical

leverage on the offshoring dimension, failing to account for the drivers of the uneven flows of capital and technology across national boundaries, companies' locational strategies and choices, the potentially transformative role of TNCs (or nationally-based firms acting transnationally), and the manner in which India and other 'remote' destinations are integrated into emerging global divisions of service labour. The implications of the dependency of India's international-facing call centres upon corporate decisions in the developed countries and of the power asymmetries between firms in host and recipient geographies are unexplored. Nor does the GCCP explain co-ordinating mechanisms across transnational servicing 'chains', and the ways customers in the developed north are entwined with agents in the 'remote' sites of the developing south.

Labour as value creator and agency within the productive process in India, are problematics beyond the GCCP's compass. Simply put, the ready substitutability of value-adding call centre labour at transnational scale cannot be assumed. If managerial attempts to resolve the inescapable indeterminacy of call centre labour take familiar forms in the UK, (Callaghan and Thompson, 2001; Taylor and Bain, 2005), then the problematic is exacerbated by the requirement to exercise controls remotely. To these difficulties may be added indeterminacies peculiar India's 'place' that cannot be read-off from a universal template. To make this conceptual criticism concrete, the GCCP highlights 'unique' Indian features, including the fact that university graduates dominate employment (Batt et al, 2005: 5), that call-handlers' selection rates are only 7 percent and that job discretion is outstandingly low by international comparison (Holman et al, 2007:11,16), yet this uniqueness remains unexplained.

Methodologically desensitised to the locational dynamics of globalisation, GCCP's approach is less helpful for understanding economic activities, which 'increasingly tend to slice through, while still being unevenly contained within state boundaries' (Henderson et al, 2002:446). Offshoring challenges assumptions that national geographies are bounded silos into which activity can be isolated. Arguably, the GCCP stretches the analytical potential of a framework predicated on identifying national-level convergence and divergence. If Peck and Theodore's (2007) criticism of VOC's tendency to static analysis and latent institutional functionalism has salience, then explanatory mechanisms must be sought elsewhere.

GCC, GVC, GPN Theory and Labour

The GCC, GVC and GPN frameworks analysed changing economic activities across different geographies as developing countries became important manufacturing loci. Although terminological variation (chain or network metaphors) reflected differing orientations (business-management or economic development), and intellectual heterogeneity, the literature nevertheless constitutes a loosely integrated tradition (Gibbon et al, 2008). Gerrefi and colleagues' original objective, to describe functionally integrated, but geographically dispersed systems of production, points to the relevance of this tradition's for understanding the globally relocated call centre. Crucially, they argued, dispersion of economic activity has been accompanied by a movement from an internationalisation, in which developed country firms established branch plants in developing countries, to globalisation where capacity is either owned by firms in developed countries, or by those in developing countries through outsourcing, to produce commodities or deliver services *for* clients and customers in developed countries. Transnational chains of productive activity resulted.

Gerrefi and Korzeniewicz's central conception was the Producer Driven Commodity Chain (PDCC) and Buyer Driven Commodity Chain (BDCC) bi-polarity where governance was a function of lead-firm type. BDCCs provoked most interest as novel network forms associated with the organisational externalisation and internationalisation of production. The chain metaphor's utility lay in the fact that it allowed the abstract idea of globalisation to be realised concretely in terms of relations organised around tangible commodities. Subsequently, empirical studies examined the extent to which lead firms dictated conditions to independent suppliers. Expanding GCC studies mostly either supported or contested this duality, but a telling argument was that Gereffi's ideal types failed to capture the governance forms in actual chains. O'Riain (2004) posited a technology-driven chain for the electronics industry, while a more general criticism remains the neglect of service-based activities.

Empirical variation prompted a re-conceptualisation of governance as co-ordination, in which Sturgeon's (2002) work on electronics was a watershed. For, where Gereffi's BDCC showed only non-core supplies as having been outsourced, Sturgeon demonstrated that lead firms relocated and externalised the full range of services. Increasingly, 'governance' within Global Value Chains assumed greater importance. GVCs were defined as 'the set of inter-sectoral linkages between firms and other actors through which this geographical and organisational reconfiguration has taken place' (Gibbon et al, 2008:318). If economic globalisation was generating geographical dispersion and differentiation between places, then GVCs should be conceived of as their *integrative* counterpart. GVC governance focuses on the strategies of particular actors, usually large firms, and the prevailing arrangements – in-house, market-based or outsourced. Where commodities or services are relocated *and* outsourced, coordination and maintaining quality standards become even more pressing concerns.

In turn, Gereffi et al (2005) theorised the determinants of inter-firm governance types. Evaluating three independent variables – knowledge and information complexity, the ease of transmitting information between parties and the capacities of potential supply bases – they produced a matrix of five possible governance forms; market, modular, relational, captive and hierarchy. In this ideal typology, as value chains move from hierarchy to market, the level of explicit coordination and power asymmetry between the actors grows. Governance as coordination (GVC) signified a disjuncture from governance as 'driving' (GCC), narrowing the focus to the immediate dyadic links in a value chain (Bair, 2008). Gereffi et al (2005) scaled down the concept of governance from a characteristic of an entire chain to the mode of coordination at a particular link.

In response, the proponents of the Global Production Network critiqued GVC's restricted framework and its chain metaphor which, to them, incorrectly assumed invariable vertical and linear sequencing (Coe et al, 2008). Global production activities were better conceptualised as highly complex network structures, in which intricate links – horizontal, diagonal and vertical – formed multi-dimensional, multi-layered lattices of economic activity. The need was to 'grasp the dialectics of global-local' relations, for the firm-centred production networks are deeply influenced by the concrete socio-political contexts in which they are embedded.

With the geographical dimension abstracted out of much GCC/GVC analysis (Dicken et al, 2001), GPN restores the 'territorial' of institutional and regulatory contexts and the state as actor. The 'strategic coupling' (Coe et al, 2004) of global production networks with regional assets is important. Within this global-local iteration, Henderson et al (2002) identified three

core conceptual categories; value (how it is created, enhanced and captured); power (how it is created and maintained within production networks); and how agents and structures are embedded in particular territories.

Just as GVC governance might excessively confine analysis to dyadic linkages in a value chain in the interests of 'parsimony and intellectual rigour' (Bair, 2008), so too might GPN as an explicitly relational approach be too expansive, a totalising theory lacking explanatory bite. However, rather than being mutually exclusive, it might be advisable to see them as complementary and as operating at different analytical levels, enabling us to integrate distinct elements to explicate the dynamics and mechanisms of call centre offshoring. As argued throughout, the *key* coordinating link is the contractually prescribed SLA, which specifies detailed metrics regarding the volume and quality of calls delivered from Indian sites to UK customers.

However, a narrow focus on dyadic coordination at *meso* level deflects attention from how specific linkages are embedded within firms' strategies and the economic logics of cost reduction and profit maximisation. GPN, operating macroscopically, certainly widens the lens to incorporate capital flows, the characteristics of driving firms and state, institutional, regulatory and labour market influences in destination geographies. GPN also places greater emphasis on value creation than (ironically) GVC analysis. Henderson et al (2002: 448) include within value creation, 'the conditions under which labour power is converted into actual labour through the labour process'. Yet, despite the advantages of GPN over GCC and GVC perspectives, notably in emphasising the social relations of production, labour as value source and actor is neglected in much GPN analysis (Cumbers et al, 2008). Still, GPNs do include employment, skill and working conditions, that are neglected in GVC research..

Call Centre Offshoring Research: 2002-2012

Although conceptually driven, this paper is empirically informed, drawing on primary data from the author's research since 2002. The approach, uniquely, has been to investigate call centre offshoring from the perspective of the sending (UK) and receiving (India) geographies. Synthesising data allows the transnational 'chain' to be analysed from both nodal points.

In-depth studies examined UK firms' strategies, practices and intentions (e.g. Taylor and Bain, 2006) and analysed UK union responses (Bain and Taylor, 2008). This evidence is combined with extensive data from Indian BPO. Crucially, several call centre workflows have been analysed both from their points of origin in the UK and at their Indian destinations. This synthesis applied to three in-house, 'captive' centres (Prudential, Axa, HSBC) and to outsourced centres with the named UK client in brackets; HCL and Infosys-Progeon (British Telecom), EXL and 24/7 (Aviva), First Source (Lloyds-TSB), Intelenet (Barclays). In India worker experiences and union developments are extensively analysed (Taylor et al, 2009).

The breadth and depth of primary and secondary data permits a high level of generalisation essential for conceptualising the call centre 'value' chain. Such theorising is based on the critical integration of GCC, GVC and GPN frameworks with robust empirical evidence.

Table 1: Summary of Data Sources

	UK	
Year	**Description**	**Data Type**[1]
2002-3	Call Centre Audit – Scotland (250 returns) All centres surveyed – open and closed questions Semi-structured senior management interviews with UK offshoring companies x14 @1-2 hours	Qualitative/ quantitative
2004-6	Offshoring of Financial Services *Pro forma* to financial services companies in Scotland/UK Senior management interviews with offshorers x16 @1-2 hours	Qualitative
2008	Call Centre Audit – Scotland/UK (400 returns) All centres surveyed – open and closed questions Senior management interviews with offshorers x14 @1-2 hours	Qualitative/ Quantitative/Documentary
2002-8	Participation at UK Customer Contact Centre (CCA) Convention	Qualitative
2003-9	UK Trade Union Responses to Offshoring Interviews with national officers and reps x42 @1-2 hours (Unifi, MSF-Amicus, Unite, CWU, USDAW, ANGU/Advance, Accord, PCS. Attendance/participation at 45 union conferences/seminars.	Qualitative/ Documentary
	India	
2003	Company visits and senior management interviews x8 @ 2-6 hours at third-party providers Focus groups of CSRs x2 @3 hours Interviews with national union officers x4 @1-2 hours Transcription of Nasscom Conferences x3	Qualitative/ Documentary
2005-6	Company visits (Indian third-party, TNCs, captives) and senior management interviews x20 @2-6 hours Transcription of Nasscom Conferences x4 Semi-structured interviews with CSRs x50 @ 0.5-2 hours and union officers x8 @1-2 hours Participation in seminars/conferences of UnitesPro x3	Qualitative/ Documentary
2007	Company visits (Indian third-party, TNCs, captives) and senior management interviews x10 @2-6 hours Completed questionnaires (n=879) of CSRs/members of UnitesPro, plus semi-structured interviews x45 @0.5-2 hours Transcription of Nasscom conferences x2	Quantitative/ Qualitative/ Documentary
2008	Semi-structured interviews with CSRs x10 @0.5- 2 hours and union officers x4 @1-2 hours Transcription of Nasscom conferences x2	Qualitative/ Documentary
2009	Company visits and senior management interviews x8 @2-6 hours Transcription of Nasscom conferences x2 Semi-structured interviews with CSRs x12 @0.5-2 hours and union officers x6 @1-2 hours	Qualitative/ Documentary
2010	Company visits and senior management interviews x8 @2-6 hours Transcription of Nasscom conferences x2 Semi-structured interviews with CSRs x10 @0.5-2 hours.	Qualitative/ Documentary

[1]In all phases of the UK and Indian research the author drew on extensive company and trade union documentation, and consultant and industry reports.

The National to Global Offshoring Trajectory

The technological developments facilitating the emergence of the call centre are now familiar (Miozzo and Soete, 2001). The key development, though, was the ACD switch, which routes calls to available call-handlers within or, importantly given transnational migration, between centres (Taylor and Bain, 1999). The outcome was a unique blend of mechanised

office/clerical and interactive service work (Boreham et al, 2007), in which Tayloristic developments meshed with the performance of emotional labour. This distinctive socio-technical system had huge implications for the structuring, pacing, standardising and monitoring of work, and for expanding the range of services deliverable remotely.

Call centres centralised hitherto dispersed – or newly created – services and sales operations and reduced labour costs through increased divisions of labour. Scale was and remains inseparably bound up with space and place as, crucially, servicing sites no longer needed to be located in physical proximity to customers. Distance shrinking technologies permitted location in cities and regions with cheaper but skilled labour and lower infrastructural costs (Richardson and Belt, 2001). So, invoking Massey (1984), newly created spatial divisions of labour were accompanied by a corporate restructuring that involved job losses (e.g. bank branches) and process re-engineering, by which largely standardised centres clustered in peripheral regions. From this perspective, later overseas relocation is an extension, albeit dramatically and at a *transnational* scale, of the same cost-saving, profit-maximising spatial dynamic that produced call centre concentrations at *national* scale.

The dominant paradigm was the mass production call centre (Lloyd and Payne, 2009) in which standardised workflows prevailed, call throughput prioritised and extensive bureaucratic and technological controls utilised. This generalisation does not imply a universal logic, for variability exists. Contingent factors include inbound/outbound differentiation, specific industrial sector, the degree of service complexity, nature of product market, customer segment and depth of knowledge required for service encounters. Some centres deliver professional services such as tele-nursing (Smith et al, 2008), more quality interaction for higher-value customers and relatively complex technical activities. Nor is it argued that 'mass production' centres (Batt and Moynihan, 2002) mean that CSRs are unskilled. The performance of emotional labour is indispensable and organisations' recruitment and training practices prioritise (frequently gendered) social competencies, including customer empathy, conversational and communication skills (Callaghan and Thompson, 2002), attributes which assume exceptional significance in India.

The call centre has been a constantly evolving organisational form, as established work systems were used more rigorously through labour intensification and technological innovation. As ACDs routed calls between centres, 'virtual' operations allowed management to deepen divisions of labour, constrict the range of tasks and reduce call-handling times. From the mid-1990s, multiple computer telephony integration applications, including caller-line identity and skills-based routing further intensified labour. The outcome was a speeded-up and leaner call centre variant, in which 'idle' time was eliminated through minimal staffing and the gaps between calls were reduced.

Target-based performance metrics assumed even greater prominence (Taylor and Bain, 2007)). The wider significance of quantitative and qualitative targets, that they constitute the tangible links between corporate strategy and workplace productivity, is fundamental to an explanation of why contact centre firms offshored their services, the national-to-global narrative. As corporate management forecast trends and position themselves against rivals in volatile markets, they formulate organisation-wide objectives in relation to anticipated market share, costs and profits, considerations invariably driven by shareholder value. Metrics calculated for business unit are translated downwards to individual call centres as cost and/or profit centres through SLAs. Centre managers disaggregate these figures for specific

workflows, and middle managers and team leaders then drive teams and individual call-handlers to meet targets. This sequence explains supervisory obsession with SLA adherence and employee performance statistics. Through the SLA's coordinating mechanisms, the centre's 'inner workings' are articulated with competitive dynamics of the market economy.

Change at macro-economic and sectoral levels can modify or disrupt corporate objectives which, in turn, can impact work organisation. The wider background to offshoring was the collapse of the dotcom crash which created uncertainty at sector, company and workplace levels, compelling firms to prioritise cost containment. In financial services, further merger and acquisition activity (e,g. Lloyds-TSB) represented a structural response to market turbulence, that engendered extreme competition and pushed firms further towards the scramble for super-profits that underlay the financial crisis (Harman, 2009). Aggressive targets became the centrepiece of cost reduction strategies, not least because labour comprises around two-thirds of call centre costs. However, crucially, limits existed in the cost reduction that could be realised through labour intensification. In these conditions, from 2002, an intense cost-cutting imperative drove UK firms, initially in financial services, to migrate voice services as relocation to India promised significant and immediate cost savings.

The Dynamics of Global Location

Ritzer and Lair recently repeated the widespread misconception of the call centre as completely 'elastic' spatially; 'work can take place anywhere there is a phone line thus making it easy to establish operations nearly anywhere on the globe (2008:40). Underlying such assumptions are mistaken versions of globalisation; that the world is genuinely borderless and that the 'death of distance' (Cairncross, 1997) means that finance, capital and technology can flow uninhibited across a 'weightless world'. In insisting that the 'space of flows' has replaced the 'space of places', Castells' (2000) 'informationalism', which privileges the technologies underpinning global networks, has proved influential. However, technology is a necessary, but insufficient condition. Mobile capital, no matter how apparently weightless, must materialise somewhere (Rainnie, et al, 2008). Harvey emphasises two contradictory tendencies for capital; the need for sufficient geographical mobility in order to discover and realise investment opportunities *and* the need for sufficient geographical fixity so that accumulation can occur. Thus, one of globalisation's many paradoxes is to heighten the importance of the characteristics of place, notably in respect of labour's attributes, in which firms choose to locate facilities (Harvey, 1989:294).

How does this contradiction between mobility and fixity plays out in call centre offshoring? Cost reduction that drove UK companies to offshore to India, by which savings of 40-50 percent were realisable in early offshoring. Later, downgraded estimates suggested 25-40 percent as typical (Nasscom, 2006; Nasscom-McKinsey, 2005). Cost arbitrage of around 30 per cent perhaps remains attainable (Nasscom, 2010). However, variability exists depending on scale and volume, specific process, degree of standardisation and supplier capability. Precise location also matters, for sub-national differences at region, city and even urban district level, can be significant. Ostensibly, costs lower by an estimated 15-20 per cent (Nasscom-McKinsey, 2005: 105-6), can be leveraged in Tier II or Tier III cities, when compared to Tier I locations wher labour shortages are most acute. Yet, 90 percent of services are still delivered from the principal metropolitan locations of Mumbai, NCR, Bengaluru, Hyderabad, Chennai, Pune and Kolkota (Nasscom, 2010: 8-9).

Despite erosion in tight pre-crisis labour markets caused by rising labour costs of 10-15 percent or more, labour cost arbitrage has remained central to India's comparative advantage. It should be noted, *en passant,* that the GCC and GVC literature generally neglects the essentialism of economic compulsion in their globalising narratives. Abstracting a chain's coordinating linkages from the fundamental importance of cost arbitrage leaves GVC perspectives decontextualized.

Cost arbitrage, though, is meaningless without India's principal attribute as a 'place', its supplies of university-educated and, indispensably, English-speaking labour. When mapping call centre relocation it is necessary to emphasise the vital point that migratory flows follow the contours of linguistic and cultural compatibility. The capital flows forming the sinews of the supply chains are not an abstraction, for labour is constitutive of accumulation and labour's language skills shape the uneven global landscape. Call centres do not 'slice though' national borders equally, so the call centre world is not flat as Friedman (2005) contends.

The diverse institutional, political and socio-economic factors, includable within GPN's relational compass, are additionally significant. The 'strategic coupling' of firms' GPNs with regional economies is clearly important. For example, migration to India is encouraged by reliable telecommunications and technological infrastructures, following the 1999 National Telecoms Policy. From the IMF's intervention in 1991, successive Indian governments have applied the liberalisation, privatisation and globalisation policy doctrines. Such developments remind us that the state is crucial to offshoring, as governments seek to capture for their territories ever-larger shares of FDI. The established success of India's offshored software/IT industry (D'Costa, 2003) prompted national and state governments to promote BPO as a strategic objective providing comprehensive financial incentives. Government responsiveness to industry demands helped create the business-friendly environment reassuring to overseas investors (Kuruvilla and Raganathan, 2008). Consultants, notably McKinsey, legitimised India as a risk-free and cost-effective destination. This brief account scarcely does justice to the 'lattice' of factors that anchor and embed activities unevenly within Indian territory.

Just as capital's mobility has been exaggerated (Castree et al, 2004: 16-22), so too is locational choice hugely constrained. Companies' offshoring decisions are invariably complex and involve evaluating cost benefits against diverse countervailing factors. If lower costs were the sole criterion driving overseas location, then China or states with costs lower than even India or the Philippines would be preferred destinations. For linguistic reasons, China will not be a viable destination for the foreseeable future. Thus, it is an ensemble of factors, including telecom connectivity, skill, educational levels, linguistic ability and cultural empathy *combined with* the lowest possible costs, that provides the basis of comparison between places and informs firms' locational decisions.
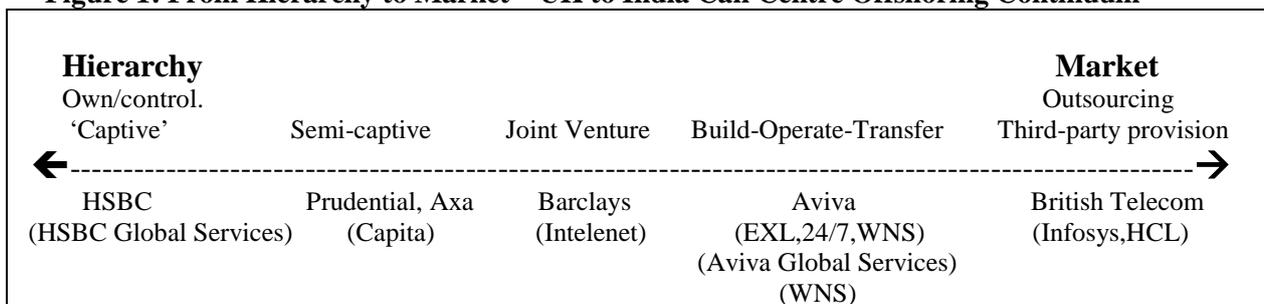
The Call Centre Global Servicing Chain

Financial service companies instigated call centre offshoring. Initiatives by UK and foreign-owned companies operating in the UK included those by Aviva, HSBC, Barclays, Prudential and Axa. Second, in scale has been telecommunications. British Telecom's 'remote sourcing' strategy from 2003 was followed by Vodaphone, 3G and T-Mobile. A sectoral diversity now includes travel/holidays (Thomas Cook, National Rail Enquiry Service) utilities (Centrica), media (BSkyB) and domestic outsourcers (Capita, Vertex). Organisations differ according to scale, service complexity and timescale. Strategic choice, though, is related to the contractual

relationships between demand and supply sides. At one extreme, companies own and directly control their operations, subsidiaries known in India as 'captives'. HSBC is the most notable instance. At the other extreme, companies outsource to Indian providers, such as BT to HCL and Infosys or NRES to Sitel, which constitutes offshoring *and* outsourcing.

Between 'hierarchy' and 'market' (Figure 1) lie diverse co-sourcing and partnership forms (Chakrabarty, 2006). Barclays had a Joint Venture with 51 per cent owned Intelenet, and Aviva engaged in Build-Operate-Transfer (B-O-T) with three Indian suppliers (EXL, 24/7, WNS). Having established operations under B-O-T, the vendors were to transfer them to direct control by Aviva Global Services. Yet, actual developments have been more fluid than suggested by the indicative continuum informed by Gereffi et al (2005). To give two examples; first, Prudential and Axa, externalised their captive Indian operations to UK outsourcer Capita in 2008 and 2009 respectively; second, Aviva Global Services, instead of concluding the B-O-T agreement, selected WNS as sole provider, after it had bought EXL and 24/7's stakes.

Scale influences, but does not wholly determine, choice. For some, small volume prohibits the resource commitment of 'captive' operations. Using Indian or MNC suppliers for restricted provision on a single site may be most appropriate. Risk is externalised, albeit not entirely mitigated, although the trade-off is weakened control. These are not instances of TNCs reconfiguring the sourcing landscape, but rather UK companies with limited global reach adopting tactical remote sourcing. At a larger scale, others (e.g. BT) have pursued multi-vendor, multi-site arrangements in order to minimise risk, create inter-supplier competition and capitalise on specialised local knowledge. Barclays' JV enabled it to access expertise from established specialists (Intelenet) to rapidly ramp-up capacity. HSBC is a notable case of a global transnational firm extensively relocating to multiple Global Servicing Centres using integrated platforms. Thus, for some firms offshoring is limited to a single, tactical act while, for others, initial decisions presaged unfolding strategic programmes.

Figure 1: From Hierarchy to Market – UK to India Call Centre Offshoring Continuum

Hierarchy Own/control. 'Captive'	Semi-captive	Joint Venture	Build-Operate-Transfer	**Market** Outsourcing Third-party provision
← -- →				
HSBC (HSBC Global Services)	Prudential, Axa (Capita)	Barclays (Intelenet)	Aviva (EXL,24/7,WNS) (Aviva Global Services) (WNS)	British Telecom (Infosys,HCL)

In order to elucidate further the dimensions of, and tensions implicated in, offshoring relationships, a heuristic representation of four engagement models (third-party, Joint Venture, Build-Operate-Transfer and captive) is instructive (Figure 2). In the left quadrant it is suggested that third-party relationship involve the shortest transition time and require least investment. Build-Operate-Transfer requires similar investment but longer transfer times. The Joint Venture requires more investment than either, but can be transitioned quickly. Finally, the captive model requires higher investment and takes longer to transition. In the right quadrant, the dimensions are control and value capture. It is suggested that the offshoring company will exercise lesser control over operations if it uses a third-party and will be less able to capture value. B-O-T facilitates greater control, although value capture is low. While

a JV can lead to higher value capture, the level of control is low. Finally, the captive model sees high degrees of control and value capture.

Figure 2: Dimensions of Different Engagement Models
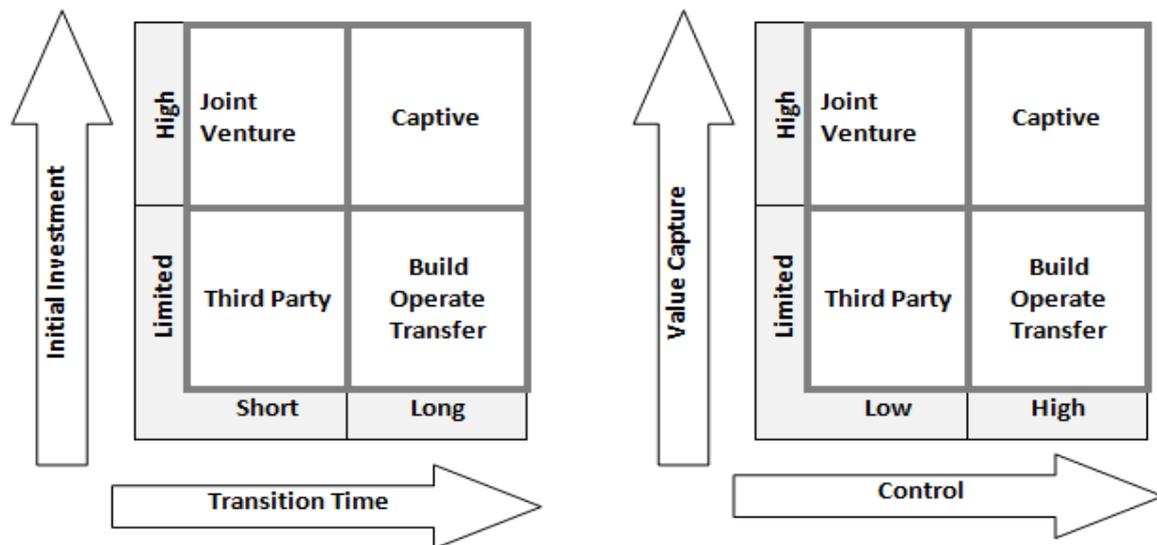
Significant variations, then, exist between and within captive and outsourced operations. In outsourcing, differences in complexity, contract length, degree of client control, often related to sensitivities to brand and quality, produce centrifugal and centripetal tensions. Since outsourcing's *raison d'etre* lies in delivering cost savings, external financial pressures (Kinnie et al, 2008) are accentuated. Yet, the difference between captives and outsourcing may be too sharply drawn. Evidence indicates that captive operations are increasingly subject to similar financial stringencies as they benchmark performance against the most cost-efficient outsourcers. Whatever financial latitude captives might once have enjoyed appears to be eroding in the recent, harsher cost-cutting climate[i].

A more complete analysis, consistent with understanding the distinctions between PDCCs and BDCCs and the degree of influence exerted by outsourced providers, should include a taxonomy of companies at the supply side (Dossani and Kenney, 2007). The early call centre history from the mid-to-late 1990s was dominated by US captives, notably the pioneering GE Capital, whose success contributed greatly to establishing India's viability. Subsequently, Indian third-party companies were formed, either as start-ups (e.g.24/7, EXL) or as the BPO arms of IT companies (e.g. Progeon-Infosys), providing credible sourcing solutions. The later arrival of US-based TNC providers, both generalists (e.g. IBM) and voice specialists (e.g. Teleperformance), sharpened market competition and further enhanced India's reputation. Subsequently, these TNCs provided templates for Indian third-parties as they aspired to become global actors (Taylor, 2010a). These distinctions in capability, expertise and reputation at supply side have impacted differentially on UK firms' offshoring decisions.

Nevertheless, despite variation and potentially higher value capture by captives and JVs, offshored call centre services, irrespective of contractual arrangement, have tended towards the most standardised and transactional. Extensive evidence supports this cross-sectoral generalisation (Batt el al, 2005; Kuruvilla and Raganathan, 2008:48). In early phases many companies transitioned only overflow and out-of-hours calls, basic customer service, outbound telemarketing, or debt recovery and collections. The intention was simple labour

cost arbitrage and/or to have services delivered from India that would be cost prohibitive from the UK. However, as scale expanded some greater complexity became discernible. In banking, provision typically involves in a manager's words 'the full range of basic inquiries', while in insurance it includes claims notification, basic underwriting and policy renewals. One partial exception to standardisation is more complex technical help-desk services.

Most offshoring companies operate UK centres with workforces almost double the industry average (Taylor and Bain, 2005). These large operations have the most pronounced scale economies and divisions of labour, and their most standardised callflows lend themselves most to externalisation. Typically, offshoring decisions follow company-wide reviews in response to, or anticipation of, changed market conditions, increased competition and/or concerns over profitability. The outcome invariably has been that the least risk-laden, non-core callflows identified for migration were accompanied by a restructuring invoking Hammer and Champy's re-engineering revolution (1993). Processes were often disaggregated, simplified and recomposed with the focus on cost effectiveness. Offshoring, additionally, has provided opportunities for re-configuring UK operations, leading to further labour intensification, rationalisation and site closure. Consequently, offshoring in most cases should be regarded, not as a discrete initiative or initiatives, but as inseparable from continuous firm-wide, organisational restructuring.

Several distinct but frequently overlapping approaches to the migratory process are discernable, based on whether re-engineering precedes, coincides with or follows relocation (or combinations thereof). Typical of early phases, is 'lift and shift', by which processes are transplanted without modification to minimise risk in transition. Re-engineering might precede relocation, but the aim is to replicate process and culture at Indian sites, a transition constituting a form of 'Taylorism through export'. However, over time, and particularly when organisations undertake further relocation, re-engineering generally occurs during or after the migration, when clients and suppliers collaborate to leverage improvements in speed, flexibility, labour utilisation and productivity. The longer a process is migrated, the more the emphasis shifts to continuous improvement, to knowledge and skill accrual and to the engagement of supplier management. Such observations resonate with the GPN's notion of value capture and suggests some relational shift along the hierarchy-to-market continuum.

Since the transnational voice 'chain' is decisively shaped by its technological architecture, issue is taken with Henderson et al (2002) who methodologically treat ICT as 'an inherent element' of [all] GPNs'. Yet, technology cannot be treated as an undifferentiated environmental factor. UK and Indian sites are integrated through common platforms to form 'virtual' call centres by which voice traffic is routed to 'the first available operator irrespective of geography' (*Telephony manager*, Taylor and Bain, 2006). Although servicing sites are dispersed geographically, computer and telephonic technologies integrate the process. Typically, though, calls are not randomly distributed. Given customer segmentation strategies, companies commonly route to India only the 'mass market', with premium customers serviced domestically. UK and Indian evidence attests to a dichotomisation, by which higher-value calls or those requiring considerable empathy (e.g. cross-selling), deep tacit knowledge or a 'very good understanding of the vernacular', are retained onshore as 'core competencies'. Offshoring only more simplified calls, in which knowledge is rigidly codified, reflects concerns over Indian call-handlers' ability to deliver flexible and empathic customer interaction. This distinction, drawn by a telephony manager with direct experience of migrating fault reporting, informs most companies' practice.

Offshoring may be good for very mundane calls, but as soon as calls require greater complexity beyond the script there are problems. I use the Guinness analogy of the white head and the black body. Agents in India can deal with the froth but cannot go deep into the body of the call. (Taylor and Bain, 2006).

However, despite call-streaming technologies, segregating straightforward from challenging calls remains problematic. Complex queries that exceed Indian CSRs' competence or transcend procedure are 'bounced back' or 'escalated' to the UK, in what some managers term 'hands-off'. Such nuances contribute further to understanding the detailed inter-place divisions of labour. Such callback loops also suggest limitations on India's ability to move up value chain through capturing complex voice processes.

In sum, call centre global chains do not correspond strictly to the in-house PDCC and outsourcing BDCC polarities, for various forms of disintermediation lie in-between. Such diversity invokes Gereffi et al's (2005) matrix, but concrete configurations do not exactly map onto their categories. Yet, in the purest market-based BDCC of classic outsourcing, cost-reduction demand-side influences dominate inter-firm power relationships, making suppliers wholly dependent upon client prescription. Indeed, the term 'chain' itself may be challenged for it implies sequential linkages. If one isolates the call as an encounter linking a UK customer with an Indian servicing centre, then the exchange is essentially *binary*. Even where UK companies use several suppliers, interaction consists of multiple, standalone calls, notwithstanding qualifications such as the 'bounce back' loop.

More abstractly as a qualification, Glucksmann's (2004) relational and processual analysis highlights the intermediary function that call-handlers play within broader divisions of labour. At a certain analytical level, Indian call-handlers, just as their UK counterparts, are interconnected upstream and downstream with the activities of other service agents, such as motor mechanics or warehousing staff, insofar as calls are part of the 'overall configuration of production/distribution/exchange/consumption'(ibid:798). However, expansive this totalising perspective, it lacks explanatory purchase of the concrete customer to call-handler relationship, particularly at the transnational scale, and does not contradict the essentially dyadic nature of UK to India linkages. That management in both places is intensely preoccupied with the coordinating mechanism at the very point of service delivery justifies a narrowing of perspective to consider the application of GVC governance in detail.

Value 'Chain' Governance and Labour as Agency

While 'governance' is multi-dimensional (legal, financial, regulatory), the focus here is on 'operational' governance embodied in contractual SLAs, which are pivotal to co-ordination between Indian sites and UK clients/customers. SLAs detail *inter alia* the services to be delivered, service and quality management standards, timescales, supplier and client responsibilities, dispute resolution terms, termination conditions. (de Bruyn and Ramioul, 2006). While embedded in outsourcing as the integrative counterpart to geographical dispersion and organisational disintermediation, they are similarly utilised in in-house servicing relationships. Of course, differentiation exists in specific SLA metrics, which are contingent upon, amongst other things, service complexity, business volumes and call type.

In prescribing quantitative 'metrics' (call volumes, call-handling times, collections/sales targets, abandonments rates), SLAs seek to determine in advance the value (Henderson et al, 2002) that Indian call-handlers will create or 'add'. Call volumes at sufficient scale enable UK companies to realise the cost reduction potential implicit in remote provision and, where outsourcing occurs, ensure that Indian suppliers achieve satisfactory margins. Given the dominance of standardised workflows, actual metrics typically specify high-volume, short duration and repetitive calls. Simultaneously, SLAs impose qualitative criteria (customer satisfaction, accent, fluency, rapport, product knowledge, script adherence). Although the customer-oriented logic is subordinated ultimately to the cost-reduction dynamic driving offshoring, UK firms insist that Indian call-handlers interact sensitively, accurately and fluently with final customers. Consequently, qualitative standards are comprehensively implemented and involve familiar and distinctively Indian forms, including speech monitoring for accent neutrality. Locutional competencies and the enactment of stylized conversations are critical to governance (Cowie, 2007). Tight scripting reflects not just regulatory requirements, but management's obligation to deliver consistent call quality in conditions of uncertainty over linguistic capability. Thus, strategic concerns exist over activities that might be considered routine, even banal, in the UK (Coyle, 2010).

Operational governance at the service delivery interface necessitates continuous performance monitoring and reporting. Management information systems generating statistics in real time are complemented by periodic evaluations of performance against contract. When call volumes or quality standards fall below prescribed metrics, the result is managerial intervention, including financial penalties for suppliers, contract renegotiation or termination in extreme cases. Site management may undertake corrective action against, or even dismissal of, under-performing CSRs The power asymmetry between client and supplier – a core theme of GCC/GVC analysis - in the outsourced call centre 'chain' is evident in the fact that verification resides ultimately with UK senior management, no matter that performance standards and measurement are delegated to Indian site management.

The outcome is the array of bureaucratic, technical and cultural controls (D'Cruz and Noronha, 2009), that fundamentally cause the uniquely low levels of job discretion that the GCCP identified. These arise not primarily from national institutional factors, as VOC might presume, but from the imperatives of UK companies as their offshoring decisions intersect with the characteristics of labour in its relocated place. The imposition of SLA metrics represents an attempt to overcome the indeterminacy of call centre labour through detailing the exact quantities and qualities of labour power deemed necessary for profitable activity. However, success is only ever partial. Production indeterminacy remains, for the most stringently enforced SLAs cannot cocoon the transplanted labour process from the consequences of labour as active agency, nor insulate call-handling from potentially damaging quality slippages or quantitative underachievement. If labour indeterminacy unavoidably confronts site and client management, it is compounded by wider problematics, some in the sphere of reproduction, that disrupt service delivery and underscore the importance of GPN's 'regional' influences.

Putting Indian Call Centre Labour in its Place

Labour power mobility, a second labour indeterminacy (Smith, 2006), is profoundly troublesome for client and supplier. In conditions of frenetic growth, retention became problematical as call-handlers and managers exploited 'overheated' labour markets in 'Tier

1' cities to flit between facilities for better pay and conditions (Budhwar et al, 2010). Although turnover tends to be higher in third-party centres and amongst CSRs on the most volume-driven services, attrition has impacted hugely on recruitment, service continuity and quality even in captives and on less standardised services. Underpinning firm-level attrition is the acute shortage of skilled labour (Kuruvilla and Raganathan, 2008). Nasscom-McKinsey (2005) predicted a shortfall of 500,000 employees by 2008-9. The workforce of international-facing call centres, both captive and outsourced, is exclusively composed of middle-class university graduates, but English language education does not necessarily equip them with the linguistic competence and cultural empathy to interact with customers to standards deemed acceptable to clients and their suppliers. Nasscom-McKinsey (2005:90) estimated that only 10-15 percent possess the skills for direct employment in an industry that then hires just 5 percent of applicants. Nasscom recently conceded that 'while India has an ample supply of talent, it is largely trainable and not employable' (2010: 178). Despite enormous investment in training, successful outcomes are not guaranteed. UK companies consistently report linguistic difficulties as their single most significant offshoring problem (Taylor and Bain, 2003; 2006; Taylor and Anderson, 2008).

Although employees possess powerful professional identities and strong career aspirations (D'Cruz and Noronha, 2009), this important socio-normative control may be undermined by the contradiction between employees' positive expectations and a work intensity consisting of relentless, routinised and pressurised work, exacerbated by nocturnal working patterns and psycho-social illness (Taylor and Bain, 2008).
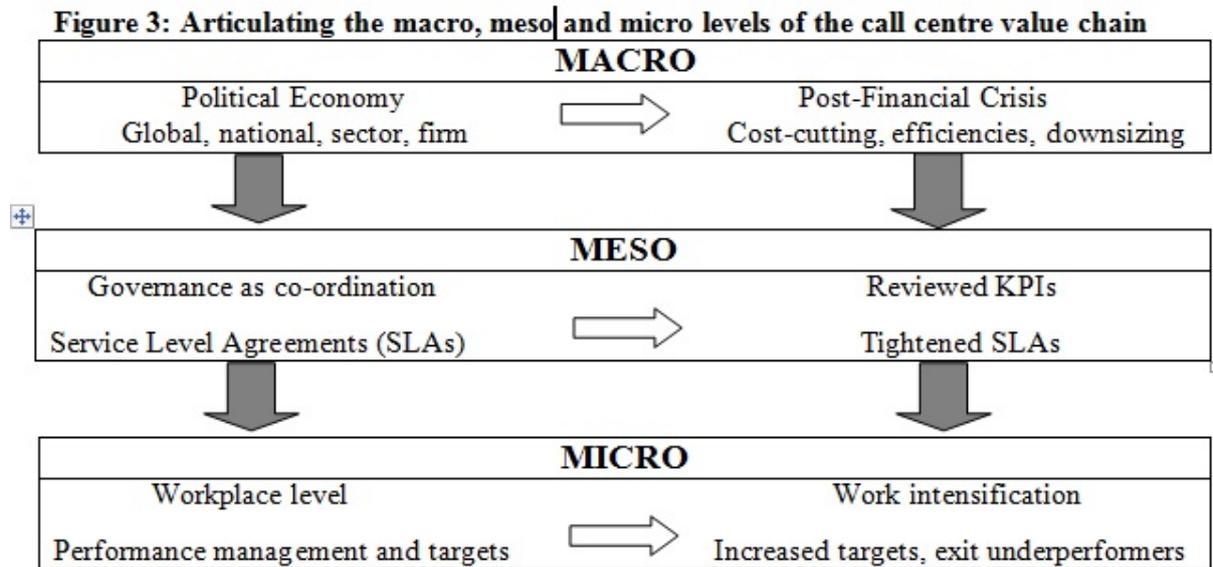
To ensure attendance Indian companies, distinctively, transport staff between home and workplace. Partly control measure, partly intended to mitigate infrastructural chaos and partly stimulated by welfare responsibility for women employees, the practice stems essentially from operational governance, from the requirement to have prescribed numbers of call-handlers on-line at contractually agreed times. Yet, employers' complaints regarding absenteeism indicate difficulties in achieving satisfactory attendance. For many employees travelling and 'waiting around' times contribute to exit decisions and the cost of transportation narrows overall cost difference (Kuruvilla and Raganathan, 2008; 59).

Finally, although detailed consideration lies beyond the paper's scope there is the important issue of labour resistance. Employers cannot take labour's consent or compliance for granted. Informal on-the-job resistance, often taking cultural forms, have been identified (Mirchandani, 2004). While trade unions have demonstrated strong traditions in telecommunications, banking and insurance (Kuruvilla et al, 2002), the BPO sector remained almost wholly unorganised despite the formation and very limited presence of UnitesPro, a union oriented on the call centre/BPO industry (Taylor et al, 2009).

Conclusion

GVC governance (Gereffi et al, 2005), in emphasising dyadic linkages in global value chains, helps isolate the SLA as the instrument co-ordinating the technologically integrated but geographically dispersed call centre 'chain' at the customer servicing interface. Despite contingent variation, the SLA is the common mechanism in all sourcing relationships, whether captive, outsourced or in the permutations within Gereffi et al's (2005) matrix. It is less important that this 'chain' is best conceptualised as an essentially binary relationship, than to recognise the merit of focusing on this *meso* level of operational governance, which

interconnects the *micro* level of work organisation with the *macro* levels of political economy and firm strategy.

Figure 3: Articulating the macro, meso and micro levels of the call centre value chain

MACRO		
Political Economy Global, national, sector, firm	⟹	Post-Financial Crisis Cost-cutting, efficiencies, downsizing

MESO		
Governance as co-ordination Service Level Agreements (SLAs)	⟹	Reviewed KPIs Tightened SLAs

MICRO		
Workplace level Performance management and targets	⟹	Work intensification Increased targets, exit underperformers

The SLA is the fulcrum articulating the competitive imperatives of cost-reduction and profit-maximisation, which essentially drive firms to offshore, with the labour process in which site management at the behest of UK management utilise performance metrics to exercise control over call-handlers to meet their mutual objectives. An heuristic depiction of this articulation is presented in Figure 3, where the left side of the diagram represents the stages conceptually and the right side the impact of the crisis.

Despite the utility of abstracting inter- and intra-firm coordination, GCC and GVC theory devalues labour as agency (Cumbers et al, 2008). However, integrating labour with both GGC/GVC's precepts and elements of GPN's expansive perspective, provides invaluable analytical purchase on concrete global production and servicing chains. Reciprocally, an understanding of labour as agency benefits from engagement with diverse GCC, GVC and GPN approaches and the insights generated by their efforts to understand inter-firm power relationships, value creating and enhancing processes and the co-ordination of globally dispersed economic activities.

The qualities of labour are critical in influencing the strategic decisions and shaping the experience of UK offshoring firms. Labour in India has attributes that make the country locationally attractive; its cheapness, relative availability, education and putative linguistic capability. Yet, no attempt by capital to use remote location, no 'spatial fix', can overcome the indeterminacy of Indian call centre labour power. The most intensive managerial controls cannot guarantee for UK firms the seamless substitutability of labour performance from Indian sites. Pursuing the holy grail of SLA conformance can be only partially successful. Indian labour as a peculiar commodity presents itself to capital as contradictory, simultaneously a source of value, but inescapably problematic as capital attempts to realise that value. From the employers' perspective, the labour 'problem' continually reasserts itself (Cumbers et al, 2008: 371).

To re-emphasise, the call centre is a constantly changing organisational form which generates subtle but significant changes in labour utilisation. Just as the macro-economic recessionary pressures of the early-2000s made cost-cutting a central concern for UK firms, contributing to the evolution of a leaner, labour intensified variant, so too has economic crisis had profound consequences. The evidence from in India is that the recession brought aggressive cost-cutting and escalated performance metrics under the rubrics of 'process excellence' and 'performance management'. Site management capitalised on changed labour market conditions to intensify work (Nasscom, 2010). An HR manager at an AXA site in Benagluru commented, '*If 12 people were required for a process, I would now look for 8 people. There should be no flab, no buffer, no flexibility*'. (*Interview*, 18.02.2009) This succinct comment captures a widespread managerial determination to reduce headcount, while leaving CSRs handling unchanged, or even increased, call volumes. Similarly, managers reported how the BPO' slowdown had enabled the weeding-out of 'underperforming' agents. Another senior manager captured the zeitgeist with her observation that the '*attrition, absenteeism and misbehaviour*' problems that had bedevilled the industry for years, had been solved by the 'whip' of unfavourable labour market conditions, rather than managerial intervention (*Interview,* 19.02.2009).

Thus, articulation between the *macro* level (economic crisis and corporate cost-cutting), the *meso* level (expanded SLA quantitative metrics) and the *micro* level (tighter controls and work intensification) across the transnational call centre 'chain' is a dynamic process, with significant implications for call centre labour in both geographical places. The concrete linkages following financial crisis are presented schematically on the right side of Figure 3. The final intriguing twist in this narrative is evidence from 2010 suggesting that, with the resumed expansion of the BPO industry, attrition is again rising as some employees take advantage of tightening labour markets and some relaxation of workplace discipline.

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[i] Developments include India's most important captive GE becoming a third-party provider and Dell adopting profit centres via 'internal' subcontracting. Captives increasingly emulate third-party 'operational excellence'.